

MONTANA BOARD OF HOUSING

Big Horn County Courthouse
121 W 3rd St, Rm 103
Hardin MT 59034
April 10, 2006

ROLL CALL OF BOARD

MEMBERS: Bob Thomas, Chairman (Present)
Judy Glendenning, Vice Chairman (Present)
J.P. Crowley, Secretary (Absent)
Susan Moyer (Absent)
Audrey Black Eagle (Present)
Jeff Rupp (Present)
Betsy Scanlin (Present)

STAFF: Bruce Brensdal, Executive Director
Mat Rude, Multifamily Program Manager
Nancy Leifer, Homeownership Program Manager
Diana Hall, Administrative Assistant

COUNSEL: Pat Melby, Luxan and Murfitt

OTHERS: Peter Nolden, UBS
Gordon Hoven, Piper Jaffray
Jim Stretz, George K. Baum & Co.
Frank Fallon, RBC Capital Markets
Bill Tierney, RBC Dain Rauscher, Billings
Cory Hoeppner, Citigroup
Nick Fluehr, Citigroup
Cindy Coleman, Rural Development, Billings
Michael Martinez
Glennine Schwen, BHC Museum
Paula Small Plenty, Heritage Acres Administrator
Linda Price, US Congressman Denny Rehberg
Casey Joyce, Big Sky EDA/Yellowstone County, Billings
Jerilee Brooks, Fannie Mae
Daryl Bends, Town of Lodge Grass
Bruce Posey, Streeter Brothers Mortgage
Sheila Rice, MHN/NHS
Dorothy Stenerson, Hardin Chamber of Commerce
Carl Vincent, HRDC, Billings
Tom Glendenning

CALL MEETING TO ORDER & APPROVAL OF MINUTES

Chairman Bob Thomas called the meeting to order at 8:30 a.m. Betsy Scanlin asked for the minutes to be corrected to add a comment on the financing of tax credit projects to show her concern about funding from Montana housing sources being used for non-Montana residents when using local data for the need. Mat responded that the market studies try to show who is coming in and looking for units. When a market study says there is a need for additional units it takes into consideration that the population may be increasing and where that increase is coming from. Mat is not sure he can get data to determine how many non-residents are served. He said ski areas probably have more workers who are not truly Montana residents. Betsy moved to approve the minutes as amended. Audrey Black Eagle seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

PROMOTIONAL PROGRAM

Bruce Brensdal informed the Board that Anastasia Burton has been hired for the Promotion position and will start May 8th.

ACCOUNTING PROGRAM

Bruce said Chuck Nemec was getting ready for a bond call and other accounting issues.

MULTIFAMILY PROGRAM

Mat Rude said there will be a public comment meeting for the Qualified Allocation Plan to gather input on May 18th & 19th in Butte at the Red Lion Hotel.

Mat presented a Reverse Annuity Mortgage (RAM) Program exception for a lump sum payment of \$29,000 to allow for payoff of an outstanding mortgage. Judy Glendenning moved to approve the RAM exception for a lump sum payment. Jeff Rupp seconded the motion. The Chairman asked for public comments. The motion passed unanimously. Betsy said she would like a report of the amount of funds committed each month or quarter for RAM.

HOMEOWNERSHIP PROGRAM

Nancy Leifer said the regular bond program interest rate was raised to 5.75% on April 3rd which coincided with the beginning of the 2006 B Bridge. Therefore, all the funds in the 2006 Series A were committed at 5.5%. In the meantime, the Pre-Ullman funds have been diminishing due to pre-payments from refinancing falling off. Nancy proposed using 25% of the 2006 B bond issue for loans to those under 80% of income who qualify for one of the setaside programs. She also recommended raising the rate for all setaside loans (except Habitat and the Disable Access) to 5.5% effective June 1, 2006, requiring that all borrowers meet the 7 IRS criteria for first-time homebuyer and recapture provisions, and launching a campaign to ensure compliance with the recapture provision. Nancy suggested considering 3 setaside requests along with her proposal. The requests were to add \$1.5 million to the First Time Homebuyer Savings Account Program, extend the Town

of Bridger setaside to April of 2007, and add \$5 million to the NHS Montana Homeownership Network setaside.

Peter Nolden of UBS passed out a chart that compared the market conditions of the Federal Reserve Funds versus the 10-year and 30-year U.S. Treasury Bond yield since January of 2004. He also offered a schedule for financing the new bond issue. Montana Board of Housing (MBOH) is currently using a Bridge Program. The Board discussed the amount of lendable proceeds needed for the new bond issue and consented to \$70,000,000 in lendable proceeds. A Tefra hearing is needed to establish bond authority over the \$70,000,000 and for future bond issues. Bruce presented the historical costs of issuance. Jeff moved to increase the setaside rate to 5.5% and approve the 3 setaside requests. Judy Glendenning seconded the motion. Jeff and Judy withdrew the motion. Betsy Scanlin moved to adopt staff recommendations to raise the setaside loans (except Habitat and the Disable Access) interest rate to 5.5% effective June 1, 2006, and require that all borrowers meet the 7 IRS criteria for first-time homebuyers and recapture provisions, and develop a program regarding the recapture provision. Judy Glendenning seconded the motion. The Chairman asked for public comments. The motion passed unanimously. Betsy Scanlin moved to approve the First Time Homebuyer Savings Account Program request for \$1 million and the NHS Montana Homeownership Network setaside for \$3 million with the expiration date of June 30, 2006. Judy Glendenning seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

Bruce introduced Frank Fallon and Bill Tierney who gave an overview of Dain Rauscher and the service they provide to MBOH. Next, Nick Fluehr and Cory Hoepfner explained the service that Citigroup could provide to MBOH.

Nancy said Manhattan State Bank will probably have a proposal for a teacher's program at the next meeting. Other communities have expressed interest in a similar program.

The new Mortgage Credit Certificates (MCC) program has two reservations.

The REO report shows one property listed which has closed but the proceeds have not yet been received.

Nancy presented an update on the Servicer Audits by the Accounting Technicians.

There will be a class for Realtors offered in Miles City on May 1 & 2 for continuing education.

Nancy Leifer presented the statewide housing profile since January 1, 2003.

Nancy informed the Board that the FY 2006 HUD counseling grant was approved for just under \$150,000. MBOH allocated \$200,000 to the program and would like to put the remaining \$50,000 beyond matching the amount HUD approved into the homebuyer education and counseling program. Sheila Rice referred to the proposed budget in the Board packets, and noted that an additional 27% of the proposed budget comes from other sources beyond HUD and MBOH. In addition, MBOH needs to submit the FY 2007 grant to HUD by May 23. Jeff stated that he is uncomfortable with MBOH writing a grant to HUD and not soliciting other entities in the state as potential other service delivery options for the grant, and also in spending pre-Ullman funds. Betsy Scanlin moved to approve using the remaining \$50,000 that was allocated to the homebuyer education and counseling program for FY 2006 as outlined in the budget Sheila presented. Jeff Rupp seconded the motion.

The Chairman asked for public comments. The motion passed unanimously. Sheila offered to have MHN write the grant for FY 2007 so the deadlines are met, while leaving the question of designating the administrative portion of the proposal open. Nancy stated that HUD expects MBOH to designate who will perform the administrative function after receipt of the award letter in the fall of 2006, which allows time for MBOH to open up the process. Betsy Scanlin moved to designate \$200,000 of pre-Ullman funds as the state's share of the FY 2007 HUD counseling grant application. Judy Glendenning seconded the motion. The Chairman asked for public comment. The motion passed with Jeff Rupp abstaining, as his agency receives funds through the HUD grant.

Nancy presented a memo as a response to High Housing Costs. She also included proposed housing legislation. The Board discussed possible revenue sources for the proposed legislation. Nancy said there will a roundtable discussion on April 18, 2006 with Tim Davis on Smart Growth.

EXECUTIVE DIRECTOR

Bruce Brensdal presented an invitation from the Blackfeet Nation for their Annual Days on April 18-2006 and includes a ceremonial contract signing with MBOH.

Bruce said there are several EPP's being proposed and one is for Federal spending authority to spend HUD money for counseling. Another one is a proposal for analysis of disaster and recovery for business continuity. Also, there is a proposal to add 2 positions. MBOH is also looking at some software that will use the internet for pre-qualification.

The next meeting is scheduled for May 8th in Havre. Meetings are tentatively planned for June 6th in Helena and July 10th in Miles City/Glendive.

The meeting adjourned at 1:35 p.m.

J. P. Crowley, Secretary

Date